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102D CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPT. 102-133
Part 2

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AUTHORIZATION ACT OF 1991

JULY 11, 1991.—Ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 2130]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2130) to authorize appropriations for the National Oceanic and Atmospheric Administration for fiscal year 1992, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out subsection (d) of section 604.

I. LEGISLATIVE BACKGROUND

On May 2, 1991, the House Committee on Merchant Marine and Fisheries ordered reported H.R. 2130, a bill that would authorize fiscal year 1992 appropriations for the National Oceanic Atmospheric and Administration (NOAA).[1] Section 604(d) of the bill, as reported by the Committee on Merchant Marine and Fisheries, would allow vessels that are used by NOAA to be eligible for participation in the capital construction funds described in section 7518 of the Internal Revenue Code of 1986 and section 607 of the Merchant Marine Act, 1936. The bill was sequentially referred to the Committee on Ways and Means through July 12, 1991, for consideration of this revenue provision.

On July 10, 1991, the Committee on Ways and Means approved a committee amendment to delete section 604(d) of H.R. 2130.

[1] The report on H.R. 2130 was filed by the Committee on Merchant Marine and Fisheries on June 26, 1991 (H. Rept. 102-133, Part 1).

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II. EXPLANATION OF THE COMMITTEE AMENDMENT

Present law

In determining taxable income for regular tax purposes, a qualified taxpayer who owns or leases a qualified vessel is allowed a deduction for certain amounts contributed to a fund established under section 607 of the Merchant Marine Act, 1936 (a "capital construction fund"). In addition, the investment earnings on amounts contributed to a capital construction fund are excluded from gross income for regular tax purposes.

If a withdrawal from a capital construction fund is used to acquire, construct, or reconstruct a qualified vessel, the amount withdrawn generally is not included in gross income and the basis of the qualified vessel generally is reduced by the amount withdrawn to the extent attributable to amounts previously deducted or excluded from income. In the case of any other withdrawal from a capital construction fund, the amount withdrawn generally is included in gross income to the extent attributable to amounts previously deducted or excluded from income and interest on the tax liability attributable to such inclusion generally must be paid from the date of the deduction or exclusion.

A qualified vessel generally is any vessel constructed or reconstructed in the United States and documented under the laws of the United States. In addition, the person maintaining the capital construction fund must agree with the Secretary (of Commerce or Transportation) that the vessel will be operated in the United States foreign trade, Great Lakes trade, or noncontiguous domestic trade or in the fisheries of the United States.

Explanation of provision

Section 604(d) of H.R. 2130 (as reported by the Committee on Merchant Marine and Fisheries) would amend the definition of qualified vessels that are eligible to participate in capital construction funds to include vessels operated under an agreement with the Secretary of Commerce for use by NOAA.

The Committee on Merchant Marine and Fisheries indicated a willingness to amend H.R. 2130 to delete section 604(d) of the bill. However, the House Rules Committee indicated that, although H.R. 2130 could be amended on the floor, the section could not be deleted from the original text by the Committee on Merchant Marine and Fisheries because the bill had already been favorably reported with the language included.

The Committee on Ways and Means amendment deletes section 604(d) of H.R. 2130, the provision which would have allowed vessels operated for use by NOAA to be designated as eligible to participate in capital construction funds.

III. EFFECT OF THE COMMITTEE AMENDMENT ON THE BUDGET

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, the following statement is made about the effect on the budget of the bill, H.R. 2130, as reported by the Committee on Ways and Means.

The committee amendment as approved by the Committee on Ways and Means has no effect on budget receipts, as the committee amendment deletes section 604(d) of the bill as reported by the Committee on Merchant Marine and Fisheries.

IV. VOTE OF THE COMMITTEE AND OTHER MATTERS TO BE DISCUSSED UNDER HOUSE RULES

A. Vote of the committee

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the committee on the motion to report the bill, H.R. 2130, as amended. The bill, as amended, was ordered favorably reported by voice vote.

B. Other matters

In compliance with clause 2(l)(3) and 2(l)(4) of rule XI of the Rules of the House of Representatives, the following statements are made with respect to the committee action on H.R. 2130, as amended.

Oversight findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was as a result of the committee's oversight activities with respect to the capital construction fund eligibility for certain vessels under the Internal Revenue Code that the committee concluded that it is appropriate to enact the committee amendment to the bill. The committee amendment deletes the revenue-related provision in section 604(d) of H.R. 2130 as reported by the Committee on Merchant Marine and Fisheries.

Tax expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Congressional Budget Office, the committee states that the committee amendment to the bill involves no new or increased tax expenditures.

Budget authority

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Congressional Budget Office, the committee states that the committee amendment to the bill involves no new budget authority.

Congressional Budget Office estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Congressional Budget Office agrees with the committee's budget estimate relating to the committee amendment (as indicated in Part III of this report), and submitted the following statement:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 11, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: CBO has prepared the attached cost estimate for H.R. 2130, the National Oceanic and Atmospheric Administration Authorization Act of 1991, as ordered reported by the House Committee on Ways and Means on July 10, 1991.

This bill would affect direct spending and thus would be subject to pay-as-you-go procedures of Section 252 of the Budget Enforcement Act of 1990 and to the requirements of clause 8 of House Rule XXI. As a result the estimate required under House Rule XXI also is attached.

If you wish further details on this estimate we will be please to provide them.

Sincerely,

ROBERT F. HALE
(For Robert D. Reischauer).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 2130.

2. Bill title: National Oceanic and Atmospheric Administration Authorization Act of 1991.

3. Bill status: As ordered reported by the House Committee on Ways and Means on July 10, 1991.

4. Bill purpose: H.R. 2130 would authorize fiscal year 1992 appropriations for the National Oceanic and Atmospheric Administration (NOAA). Titles I through VI of the bill would authorize appropriations for the National Ocean Service, the National Marine Fisheries Service, oceanic and atmospheric research, the National Weather Service, the National Environmental Satellite, Data, and Information Service (NESDIS), and program support. Title VII contains miscellaneous provisions, including an $11 million authorization for use in implementing the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990. In addition, H.R. 2130 would direct the Secretary of Commerce to take various actions, such as conducting studies, acquiring space, and researching tropical cyclones. The bill would also set forth specific requirements for modernization of the weather service, transfer archiving responsibility for land-remote sensing data (Landsat) from the Department of Commerce to the Department of the Interior, provide for modernization of the NOAA fleet, and require that most NOAA ship construction or repair be performed in the United States.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Direct spending:					
Loss of receipts from nautical product price freeze	0	0	1	1	1
Revenues	(1)	(1)	(1)	(1)	(1)
Authorizations:					
National Ocean Service	203				
National Marine Fisheries Service	107				
Oceanic and atmospheric research	223				
National Weather Service	509				
NESDIS	394				
Program support	190				
Title VII (estimated)	12				
Total estimated authorizations	1,637				
Estimated outlays	982	442	115	98	

[1] Not applicable.

The costs of this bill fall within budget function 300.

Basis of estimate: CBO assumes that the full amounts authorized would be appropriated for fiscal year 1992. The outlay estimates are based on historical experience for these activities. In addition to the amounts specified in the bill, CBO has estimated authorization levels of approximately $0.6 million for reports, audits, and other items required under Title VII.

6. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. CBO estimates that enactment of H.R. 2130 would affect outlays.

Section 704 of H.R. 2130 would impose a price freeze on NOAA nautical charts and other nautical products. This provision may affect offsetting receipts (i.e., outlays) of the federal government. In the mid-1980s, NOAA instituted a new price structure (phased in over a period of three years) for its nautical and aeronautical products in an attempt to charge the fair market value for NOAA products. Since 1988, NOAA has increased prices annually on these products to keep pace with inflation; the agency would lose this ability to keep adjusting prices for nautical products under the new provision. CBO estimates that freezing prices on nautical products would result in a loss of offsetting receipts (i.e., an increase in outlays) of about $0.2 million for fiscal year 1992, $0.4 million for fiscal year 1993, $0.6 million for fiscal year 1994, and $0.9 million for fiscal year 1995.

7. Estimated cost to State and local governments: None.

8. Estimate comparison: None.

9. Previous CBO estimate: On June 28, 1991, CBO prepared an estimate for H.R. 2130, as ordered reported by the House Committee on Merchant Marine and Fisheries on May 2, 1991. The Ways and Means Committee version of this bill amends the previously reported version by deleting Section 604 (d), which expands eligibility for participation in the capital construction fund described in 46

U.S.C. 1177. It is possible that tax-deductible contributions to the capital construction fund would increase under the Section 604 (d) provision. The Joint Committee on Taxation estimated that the loss in tax revenue from these additional fund contributions would be less than $5 million annually. The Joint Committee on Taxation estimates that the deletion of Section 604 (d) would eliminate the tax revenue effect of the bill. Thus, H.R. 2130 as ordered reported by the House Committee on Ways and Means would not affect tax revenues.

10. Estimate prepared by: Patricia A. Conroy.

11. Estimate approved by: C.G. Nuckols for James L. Blum, Assistant Director for Budget Analysis.

CONGRESSIONAL BUDGET OFFICE ESTIMATE [1]

The applicable cost estimate of this act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995
Change in outlays	0	0	0	1	1
Change in receipts	(1)	(1)	(1)	(1)	(1)

[1] Not applicable.

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject of the Committee on Ways and Means amendment to the bill.

Inflationary impact

In compliance with clause 2(l)(4), the committee states that the committee amendment to the bill will not have any inflationary impact on prices and costs in the operation of the national economy.

V. CHANGES IN EXISTING LAW MADE BY THE COMMITTEE AMENDMENT

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown in part 1 of the report, filed by the Committee on Merchant Marine and Fisheries.

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[1] An estimate of H.R. 2130 as ordered reported by the House Committee on Ways and Means. This estimate was transmitted by the Congressional Budget Office on July 11, 1991.